

Treasurer's Report on the Work of the Committee April 2014 to March 2015

As always my job as Treasurer of the LPC is to oversee the funds of the committee and ensure that they are used as set out in the LPC constitution.

After the end of each financial year (March 31st) I produce the final annual accounts, which are submitted for auditing by a registered Chartered Accountant who, once he has approved them, will return a signed copy to me and submit another copy to the Inland Revenue for their acceptance.

This is all usually completed before the AGM. As always it may be of interest to note that the accountant who audits our figures and paperwork is completely independent of the LPC and has no personal or business connection with any members. After approval at the AGM a further copy of the audited accounts is sent to PSNC for their perusal.

I am helped and supported in my work by the members of the LPC Audit sub-committee. This sub-committee was first formed in the summer of 2008 so that we could comply with new advice on Corporate Governance.

Besides myself the members are; John Sargeant, Chairman of the LPC, Andrea Smith, AIM representative from BJ Wilson Ltd, and Darryl Dethick, CCA representative from Lloyds. I would like to thank these fellow members for all their support and hard work throughout the year and their invaluable contribution to helping maintain the financial health of the LPC.

The audit committee normally meet four-monthly around the beginning of the months of May, August/September and January. Any decisions made are passed on to the full committee for ratification. The only exception to this is that the Audit Committee has full authority to approve 'Levy Holidays' with immediate effect. This means that I can initiate procedures to deal with this and avoid unnecessary delay.

Meeting May 2014

- The main purpose of this meeting was to approve the £184,206 budget for the financial year April 2014 – March 2015. This budget is aimed at keeping to minimum sufficient funds to cover the statutory requirements of the LPC, and was a reduction of £16,522 over the previous year's budget. At the end of the year an under spend of £42,332 against the budget was produced.
- The decrease in spend against budget was mainly due to:
 - An underspend of £18,469 on back-fill locum costs.
 - The administration support budget of £5000 was not used in this year.
 - The advertising and media relations budget of £10,000 was not used in this year.
 - The legal expenses budget of £2500 was not spent.
- The administration support and media support will be in place in the current financial year 2015-2016 as indicated in the Chairman's Report.
- The budget is produced before the financial year begins and a copy is sent to NHS England.
- We are required to keep an LPC Asset Log, which records any purchase over £100: new entries made in this financial year were for Administration Assistants laptop and accessories purchased on 31st March 2015 for £731.98. These will follow the usual accounting procedures and be written off by one third of their value each year for three years.

- We agreed a training and advertising budget of £4000, which was suggested by the LPC executive, and it was agreed to ensure that this money was properly targeted and would bring business benefits to contractors. This was a reduction of £11,000 from the previous year's budget and based on actual spend in that year. At the end of the year there was an over spend of £1011 on this budget but this is still a considerable reduction from the budget of the previous year. The main focus of this was to run CPD training events in order to help contractors, and their pharmacists, re-visit and add to their knowledge of chosen subjects, and from this try and maximise income from MUR's and other services. As previously mentioned we produced a large saving on this budget without affecting the quality of training.
- The LPC's bank account with Lloyds is now fully operational as an Internet account, and fully meets our strict criteria under Corporate Governance requirements.

Meeting August 2014

- The main purpose of this meeting was to approve the signed and audited accounts for the previous financial year, and to note that the Inland Revenue had accepted these accounts.
- Performance against budget – It was noted that strict control of finances would be likely to produce an under spend by the end of the financial year. It was agreed that we would discuss this at our next meeting with a view to authorising a 'Levy Holiday' for our contractors.
- Following advice from PSNC we e-mail the audited accounts to every contractor for their approval and comments.
- The accounts will be presented to the contractors at the AGM in September for acceptance and in retrospect were approved and accepted by them.

Meeting January 2015

- With the savings produced against budget we felt we were in a position to grant a 'Levy Holiday' for contractors. We agreed a one-month 'Levy Holiday' for January 2015. The Prescription Pricing Authority (PPA) for the January payment implemented this and this meant we had paid back to contractors a total of £16,000, which is proportionate to their individual Levy. The possibility of returning money to contractors under a "levy holiday" is continually kept under review, and we have not actually increased our levy for contractors during the current lifetime of this LPC.
- A discussion was held on the LPC expense policy and it was noted that this was working well. It appeared that meeting costs will have been reduced this year and this indeed did happen when the final accounts were produced.
- Performance against budget for 2014-2015 was discussed. At this stage it was noted we were under spent against budgeting, and it was felt an under spend would be produced by the end of the financial year.

Summary

1. We did at the end of the financial year have an under spend of £42,332 against budget. This was mainly due to some budgets being under spent against target.
2. We continue to monitor our financial position and will initiate a levy holiday when this is possible.
3. We will obtain sponsorship wherever possible in order to reduce costs to our contractors.
4. We try and arrange three training events a year for contractors and their pharmacists. This is to help them carry out their professional tasks and again sponsorship is often forthcoming.
5. At present we pay an annual levy of about £56,154 to PSNC in two six-monthly payments. We have again asked PSNC to consider a monthly direct debit for these levies as it would make our control of costs more evenly balanced, and presumably help them as well. For the moment they have still rejected this idea.
6. All financial decisions are monitored and agreed by the audit sub-committee before being passed onto the full LPC committee for their comments and approval.
7. Our annual accounts are audited by a registered Chartered Accountant and passed for acceptance by the Inland Revenue. They are presented for agreement at the AGM and posted on the LPC



website. Any comments or constructive ideas are welcome at any time of the year, and will be discussed.

Bank Accounts

Our bank accounts are still split into three.

- **Number 1 Account** – This is an account for all our contractor’s money and is used for the statutory operation of the LPC.
- **Number 2 Account** – This is known as “Held in Trust Account” and contains all the monies we hold on behalf of other bodies such as the old PCT’s and Commissioning Groups. This money is for these bodies to use as they require and we simply administer any processes for them.
- **Number 3 Account** – This is known as “Development Account” into which we have placed all our sponsorship money received since April 2012. This will be used for projects approved by the LPC and avoid the need to use contractor’s money in these instances. The PharmOutcomes accounting is also administered from this account.

The above accounts will run side by side, but be separate in their administration.

Conclusion

The current financial situation of the LPC is sound and stable. We use the money to comply with our statutory financial requirements and to try and bring extra business benefits to contractors.

Stuart Kelly

Stuart Kelly MRPharmS
Derbyshire LPC Treasurer
Tuesday 22nd September 2015

